

### Transportation Trailer Bill

Government Code Section 4528 is amended as follows:

4528. (a) When the selection is by a state agency head the following procedures shall apply:

(1) The state agency head shall negotiate a contract with the best qualified firm for architectural, landscape architectural, engineering, environmental, land surveying, and construction project management services at compensation which the state agency head determines is fair and reasonable to the State of California or the political subdivision involved.

(2) Should the state agency head be unable to negotiate a satisfactory contract with the firm considered to be the most qualified, at a price the agency head determines to be fair and reasonable to the State of California or the political subdivision involved, negotiations with that firm shall be formally terminated. The state agency head shall then undertake negotiations with the second most qualified firm. Failing accord with the second most qualified firm, the state agency head shall terminate negotiations. The state agency head shall then undertake negotiations with the third most qualified firm.

(3) Should the state agency head be unable to negotiate a satisfactory contract with any of the selected firms, the state agency head shall select additional firms in order of their competence and qualification and continue negotiations in accordance with this chapter until an agreement is reached.

(b) When the selection is by a local agency head, the local agency head may undertake the procedures described in subdivision (a).

(c) Commencing with the 2011-12 fiscal year, the Department of Transportation is authorized to negotiate or competitively bid contracts for private architectural, landscape architectural, professional engineering, environmental, land surveying, and construction project management services to ensure that the cost of the incremental increase in contracted workload from the prior fiscal year does not exceed the cost of department staff performing the same work, including salary, benefits, and functional and administrative overhead.

Government Code Section 16965 is amended as follows:

16965. (a) The Transportation Debt Service Fund is hereby created in the State Treasury. Moneys in the fund shall, among other things, as provided in this section, be dedicated to payment of debt service or to redeem or defease bonds maturing in a subsequent fiscal year on bonds including bonds issued pursuant to the Clean Air and Transportation Improvement Act of 1990 (Part 11.5 (commencing with Section 99600) of Division 10 of the Public Utilities Code), the Passenger Rail and Clean Air Bond Act of 1990 (Chapter 17 (commencing with Section 2701) of Division 3 of the Streets and Highways Code), the Seismic Retrofit Bond Act of 1996 (Chapter 12.48 (commencing with Section 8879) of Division 1 of Title 2), the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Chapter 12.49 (commencing with Section 8879.20) of Division 1 of Title 2), and the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century (Chapter 20 (commencing with Section 2704) of Division 3

of the Streets and Highways Code). If the moneys in the fund are insufficient to pay the balance of the debt consistent with existing obligations, the General Fund will be used to pay the balance of any debt service. The Director of Finance may direct the State Controller to loan any funds remaining in the balance of the Transportation Debt Service Fund to the General Fund, to be repaid when the Director of Finance determines the funds are necessary to reimburse the General Fund for any debt service costs provided for in this subsection.

(b) From moneys transferred to the fund pursuant to an annual Budget Act or other statute from the State Highway Account in the State Transportation Fund, the Controller shall transfer as an expenditure reduction to the General Fund any amount necessary to offset the cost of current year debt service payments made from the General Fund during any fiscal year or to redeem or defease bonds maturing in a subsequent fiscal year as directed by the Director of Finance for transportation-related general obligation bond expenditures consistent with Article XIX of the California Constitution.

(c) From moneys transferred to the fund pursuant to Section 2103 of the Streets and Highways Code and subdivisions (a) and (b) of Section 9400.4 of the Vehicle Code, the Controller shall transfer as an expenditure reduction to the General Fund any amount necessary to offset the cost of current year debt service payments made from the General Fund on any bonds issued pursuant to Proposition 192 (1996) and three-quarters of the amount of current year debt service payments made from the General Fund on any bonds issued pursuant to Proposition 1B (2006).

(d) From moneys transferred to the fund pursuant to Section 183.1 of the Streets and Highways Code, the Controller shall transfer as an expenditure reduction to the General Fund any amount necessary to offset the cost of current year debt service payments made from the General Fund on any bonds issued pursuant to Proposition 116 (1990).

(e) From moneys transferred to the fund pursuant to Section 99315 of the Public Utilities Code and subdivisions (a) and (b) of Section 9400.4 of the Vehicle Code, the Controller shall transfer as an expenditure reduction to the General Fund any amount necessary to offset the cost of current year debt service payments made from the General Fund on any bonds issued pursuant to Proposition 108 (1990) and Proposition 1A (2008), and one-quarter of the amount of current year debt service payments made from the General Fund on any bonds issued pursuant to Proposition 1B (2006). The Department of Finance shall notify the Controller by July 30 of every year of the percentage of debt service that is expected to be paid in that fiscal year on bond-funded projects that qualify as eligible guideway projects consistent with the requirements applicable to the expenditure of revenues under Article XIX of the California Constitution.

(f) On or before the second business day following the date on which transfers are made to the Transportation Debt Service Fund, the Controller shall transfer those funds from the fund to the General Fund pursuant to this section.

(g) Any funds remaining in the fund may be used in future years to pay debt service costs or, at the direction of the Director of Finance, may either be transferred to the General Fund to redeem or defease bonds maturing in a subsequent fiscal year or loaned to the General

Fund, to be repaid when the Director of Finance determines the funds are needed to reimburse the General Fund for debt service.

Section 16965.1 is added to the Government Code as follows:

16965.1 (a) The due dates specified in the provisional language of the following Budget Act items are hereby eliminated, and the Director of Finance may repay any remaining portion of the outstanding balance of these loans in any year in with the Director of Finance determines the funds are needed to reimburse the General Fund for debt service or to redeem or defease bonds maturing in a subsequent fiscal year.

- (1) Item 2660-011-0042, Budget Act of 2010.
- (2) Item 2660-013-0042, Chapter 13, Statutes of 2011.
- (3) Item 2660-013-0042, Senate Bill 69 as passed in the March 2011 Conference Committee.

(b) All funds loaned pursuant to the Budget Act items specified in subsection (a) shall upon repayment be immediately transferred by the State Controller to the Transportation Debt Service Fund to reimburse the General Fund for debt service costs pursuant to Government Code Section 16965.

(c) Notwithstanding the due date specified in provisional language in Item 2660-011-0046, Budget Act of 2010, the funds loaned pursuant to this item shall be repaid by June 30, 2021.

Section 63048.65 is added to the Government Code as follows:

63048.65 The loans made from the State Highway Account through the Traffic Congestion Relief Fund to the General Fund that are referenced in (i) of subparagraph (A) of paragraph (1) of subsection (c) of Section 63048.65 are hereby determined to have been from weight fee revenues in the State Highway Account fund balance. Any repayments made to the State Highway Account pursuant to subsection (e) of that section shall upon repayment be immediately transferred by the State Controller to the Transportation Debt Service Fund to reimburse the General Fund for debt service costs pursuant to Government Code Section 16965.

Section 65086.6 of the Government Code is amended to read:

65086.5. (a) To the extent that the work does not jeopardize the delivery of the projects in the adopted state transportation improvement program, the Department of Transportation may prepare a ~~project studies report~~ project initiation document for capacity-increasing state highway projects that are not included in the state transportation improvement program. Preparation of the ~~project studies report~~ project initiation document shall be limited by the resources available to the department for that work, supplemented, as appropriate, by regional or local resources. The ~~project studies report~~ project initiation document shall include the project-related factors of limits, description, scope, costs, and the amount of time needed for initiating construction.

(b) Whenever ~~project studies report~~ project initiation documents are performed by an entity other than the Department of Transportation, the department shall review and approve the ~~report~~ project initiation document, only upon execution of a cooperative agreement or contract by the local agency that would be funding the project to provide reimbursement to the department for its costs to review and approve the

project initiation document. Once a cooperative agreement or contract is executed between the department and the local project sponsor, the Department of Finance may increase the department's reimbursement authority by an amount sufficient to use all reimbursements received from local project sponsors pursuant to the cooperative work agreement or contract.

(c) The Department of Transportation may be requested to prepare a ~~project studies report~~ project initiation document for a capacity-increasing state highway project which is being proposed for inclusion in a future state transportation improvement program or for a project to be funded with regional or local funding, only upon execution of a cooperative agreement or contract by the local agency that would be funding the project to provide reimbursement to the department for its costs to prepare the report. Once a cooperative agreement or contract is executed between the department and the local project sponsor, the Department of Finance shall increase the department's reimbursement authority by an amount sufficient to use all reimbursements received from local project sponsors. The department shall have 30 days to determine whether it can complete the requested ~~report~~ project initiation document in a timely fashion. If the department determines that it cannot complete the ~~report~~ project initiation document in a timely fashion, the requesting entity may prepare the ~~report~~ project initiation document at its expense. Upon submission of a ~~project studies report~~ project initiation document to the department by the entity, the department shall complete its review and provide its comments to that entity within 60 days ~~from the date of submission from the time the department fills the positions necessary to complete the work associated with the executed cooperative agreement or contract between the department and the local project sponsor.~~ The department shall complete its review and final determination of a ~~report~~ project initiation document which has been revised to address the department's comments within 30 days following submission of the final ~~report~~ project initiation document.

(d) The Department of Transportation, in consultation with representatives of cities, counties, and regional transportation planning agencies, shall prepare draft guidelines for the preparation of ~~project studies reports~~ project initiation documents by all entities. The guidelines shall address the development of reliable cost estimates. The department shall submit the draft guidelines to the California Transportation Commission not later than July 1, 1991. The commission shall adopt the final guidelines not later than October 1, 1991. Guidelines adopted by the commission shall apply only to ~~project studies reports~~ project initiation documents commenced after October 1, 1991.

Section 2103 of the Streets and Highways Code is amended as follows:

2103. (a) Of the net revenues deposited to the credit of the Highway Users Tax Account that are derived from the increases in the rates of taxes that are imposed pursuant to subdivision (b) of Section 7360 and Section 7361.1 of the Revenue and Taxation Code, all of the following shall occur on a monthly basis:

(1) (A) By the 15th day of every month, the Treasurer's office, in consultation with the Department of Finance, shall notify the Controller of the amount of debt service that will be paid on each transportation bond during that month.

(B) Within two business days following the 28th day of each month, the Controller shall transfer to the Transportation Debt Service Fund an amount equal to the amount of monthly debt service paid by the General Fund on any bonds issued pursuant to the Seismic Retrofit Bond Act of 1996 (Chapter 12.48 (commencing with Section 8879) of Division 1 of Title 2 of the Government Code) or any other highway bonds, and three-quarters of the amount of monthly debt service paid on any bonds issued pursuant to the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Chapter 12.49 (commencing with Section 8879.20) of Division 1 of Title 2) for reimbursement of the General Fund for these costs. If revenues available pursuant to this subdivision in any given month are insufficient to fully reimburse the General Fund for the debt service payments made, the first revenues available pursuant to this subdivision in the following month or months shall be transferred to the Transportation Debt Service Fund so that all debt service payments made on these bonds from the General Fund in a given fiscal year are fully reimbursed. However, no further transfers shall be made pursuant to this subparagraph once the transfers for the months of July to October, inclusive, in 2010 have been made. Any transfers made from the net revenues identified in this paragraph for highway bond debt service for months after October 2010 shall be reversed and shall instead be made from weight fee revenues in the State Highway Account, as described in subparagraph (D).

(C) Beginning November 2, 2010, the Controller shall transfer to the State Highway Account within two business days following the 28th day of each month all of the monthly net revenues identified in subparagraph (B) that were designated for highway bond debt service reimbursement but that have not been transferred, or that were transferred by means of a transfer that was reversed, pursuant to that subparagraph. To the extent the Controller has distributed any of those net revenues to cities and counties pursuant to subparagraph (C) of paragraph (3) between November 2, 2010, and the effective date of this subparagraph, the Controller shall subsequently reduce the amount transferred to cities and counties on a monthly basis pursuant to subparagraph (C) of paragraph (3) and shall instead transfer these funds to the State Highway Account until all of the revenues that would otherwise have been transferred to the State Highway Account on and after November 2, 2010, pursuant to this subparagraph have been so transferred.

(D) Any remaining amount of the highway bond debt service reimbursement authorized by this paragraph that has not been made pursuant to subparagraph (B) on and after November 2, 2010, shall instead be made pursuant to subdivisions (a) and (b) of Section 9400.4 of the Vehicle Code from revenues in the State Highway Account derived from weight fees deposited in the account pursuant to subdivision (e) of Section 9400.1 and Section 42205 of the Vehicle Code.

(2) (A) In the 2010-11 fiscal year, after the monthly transfer made pursuant to paragraph (1), the sum of fifty-four million one hundred sixty-seven thousand dollars (\$54,167,000) per month shall be held in the account for future appropriation by the Legislature.

(B) Notwithstanding any other provision of law, with respect to the monthly net revenues described in subparagraph (A), no further transfers of these revenues for the purpose of loans to the General

Fund shall be made pursuant to Item 2660-011-0062 of Section 2.00 of the Budget Act of 2010 once the loan transfers for the months of July to October, inclusive, in 2010 have been made. Notwithstanding the due date specified in provisional language in Item 2660-011-0062, the funds loaned pursuant to this item shall be repaid by June 30, 2021. Any transfers made from the monthly net revenues in subparagraph (A) for months after October 2010 shall be reversed and shall instead be made from weight fee revenues in the State Highway Account, as described in subparagraph (D). The revenues from loan repayments shall be held in the Highway Users Tax Account for future appropriation by the Legislature.

(C) Beginning November 2, 2010, all of the monthly net revenues described in subparagraph (A) shall instead be transferred by the Controller to the State Highway Account within two business days following the 28th day of each month. To the extent that the Controller has distributed any of the revenues identified in this paragraph to cities and counties pursuant to subparagraph (C) of paragraph (3) between October 14, 2010, and the effective date of this subparagraph, the Controller shall subsequently reduce the amount transferred to cities and counties on a monthly basis pursuant to subparagraph (C) of paragraph (3) and shall instead transfer these funds to the State Highway Account until all of the revenues that would have been transferred to the General Fund as a loan pursuant to Item 2660-011-0062 of Section 2.00 of the Budget Act of 2010 on and after November 2, 2010, have instead been transferred to the State Highway Account.

(D) Any remaining amount of the loans to the General Fund authorized pursuant to Item 2660-011-0062 of Section 2.00 of the Budget Act of 2010 that has not been made pursuant to subparagraph (B) on and after November 2, 2010, shall instead be made pursuant to subdivisions (a) and (b) of Section 9400.4 of the Vehicle Code from revenues in the State Highway Account derived from weight fees deposited in the account pursuant to subdivision (e) of Section 9400.1 and Section 42205 of the Vehicle Code.

(3) The Controller shall transfer any remaining net revenues subject to this subdivision as follows:

(A) Forty-four percent shall be transferred to the State Highway Account to fund projects in the State Transportation Improvement Program that are consistent with Section 1 of Article XIX of the California Constitution, except in the 2010-11 fiscal year, 50 percent shall be transferred for purposes of this subparagraph.

(B) Twelve percent shall be transferred to the State Highway Account to fund projects in the State Highway Operation and Protection Program, except in the 2010-11 fiscal year, no revenues shall be transferred for purposes of this subparagraph.

(C) Forty-four percent shall be apportioned by the Controller for local street and road purposes, except in the 2010-11 fiscal year, 50 percent shall be transferred for purposes of this subparagraph as follows:

(i) Fifty percent shall be apportioned by the Controller to cities, including a city and county, in the proportion that the total population of the city bears to the total population of all the cities in the state.

(ii) Fifty percent shall be apportioned by the Controller to counties, including a city and county, in accordance with the

following formulas:

(I) Seventy-five percent shall be apportioned among the counties in the proportion that the number of fee-paid and exempt vehicles that are registered in the county bear to the number of fee-paid and exempt vehicles registered in the state.

(II) Twenty-five percent shall be apportioned among the counties in the proportion that the number of miles of maintained county roads in each county bear to the total number of miles of maintained county roads in the state. For the purposes of apportioning funds under this subparagraph, any roads within the boundaries of a city and county that are not state highways shall be deemed to be county roads.

(b) After the transfers or other actions pursuant to subdivision (a), at least 90 percent of the balance deposited to the credit of the Highway Users Tax Account in the Transportation Tax Fund by the 28th day of each month shall be apportioned or transferred, as applicable, by the Controller by the second working day thereafter, except for June, in which case the apportionment or transfer shall be made the same day. These apportionments or transfers shall be made as provided for in Sections 2104 to 2122, inclusive. If information is not available to make the apportionment or transfer as required, the apportionment or transfer shall be made on the basis of the information of the previous month. Amounts not apportioned or transferred shall be included in the apportionment or transfer of the subsequent month.

(c) Notwithstanding any other law, the funds apportioned by the Controller to cities and counties pursuant to subparagraph (C) of paragraph (3) of subdivision (a) are not subject to Section 7104 or 7104.2 of the Revenue and Taxation Code. These funds may be expended for any street and road purpose consistent with the requirements of this chapter.

Section 9400.4 of the Vehicle Code is amended as follows:

9400.4. Weight fee revenue deposited into the State Highway Account pursuant to subdivision (e) of Section 9400.1 and Section 42205 shall be used as follows:

(a) For the 2010-11 fiscal year, seven hundred fifty-six million three hundred ninety-six thousand dollars (\$756,396,000) is hereby appropriated from weight fee revenues in the State Highway Account for transfer to the General Fund as transportation bond debt service reimbursement and loans as follows:

(1) The Controller shall transfer all weight fee revenues deposited into the State Highway Account in any month to the Transportation Debt Service Fund for transfer to the General Fund as reimbursement for debt service costs until all of the debt service paid on transportation bonds for projects that the Director of Finance indicates qualify for reimbursement as provided for in Section 16965 of the Government Code have been reimbursed.

(2) After the Director of Finance has notified the Controller that all debt service costs for the 2010-11 fiscal year have been reimbursed, the Controller shall transfer any remaining monthly weight fee revenues in the State Highway Account to the General Fund as a loan until the full amount appropriated in this subdivision has been transferred to the General Fund. Of the net amount loaned in the 2010-11 fiscal year, two hundred five million eighty-one thousand

dollars (\$205,081,000) shall be repaid by June 30, ~~2014~~ 2015, ~~one hundred forty four million four hundred forty four thousand dollars (\$144,444,000) shall be repaid by June 30, 2015, and any remaining balance of the loan shall be repaid by June 30, 2016.~~ and the Director of Finance may repay any remaining portion of the outstanding balance of this loan in any year in with the Director of Finance determines the funds are needed to reimburse the General Fund for debt service or to redeem or defease bonds maturing in a subsequent fiscal year. All funds loaned pursuant to this section shall upon repayment be immediately transferred by the State Controller to the Transportation Debt Service Fund to reimburse the General Fund for debt service costs pursuant to Government Code Section 16965.

(3) By June 15, 2011, the Director of Finance in consultation with the Treasurer shall notify the Controller regarding the final amount of debt service paid from the General Fund during the 2010-11 fiscal year pursuant to Section 16965 of the Government Code and shall direct the Controller to reverse and adjust any transfers made as debt service reimbursements or loans so that a maximum amount of transfers are made for debt service reimbursements and with any loan amounts limited to the difference between this amount and the total amount appropriated in this subdivision. The total amount of weight fee revenues transferred from the State Highway Account for the 2010-11 fiscal year shall not be greater than the total amount of weight fee revenues deposited into the State Highway Account for that year.

(4) With respect to transfers or portions of transfers that cannot be made in any given month if weight fee revenues are insufficient, the first weight fee revenues available in the following month or months shall be used to complete the transfers for the previous month or months prior to making additional transfers for later months.

(b) For the 2011-12 fiscal year, eight hundred sixty-six million three hundred thousand dollars (\$866,300,000) is hereby appropriated from weight fee revenues in the State Highway Account for transfer to the General Fund as debt service reimbursement and loans as follows:

(1) The Controller shall transfer all weight fee revenues deposited into the State Highway Account in any month to the Transportation Debt Service Fund for transfer to the General Fund as reimbursement for debt service costs until all of the debt service paid on transportation bonds for projects that the Director of Finance indicates qualify for reimbursement as provided for in Section 16965 of the Government Code have been reimbursed.

(2) After the Director of Finance has notified the Controller that all debt service costs for the 2011-12 fiscal year have been reimbursed, the Controller shall transfer any remaining monthly weight fee revenues in the State Highway Account to the General Fund as a loan until the full amount appropriated in this subdivision has been transferred to the General Fund. ~~This loan shall be repaid by June 30, 2015.~~ The Director of Finance may repay any remaining portion of the balance of this loan in any year in which the Director of Finance determines the funds are needed to reimburse the General Fund for debt service or to redeem or defease any bonds maturing in a subsequent year. All funds loaned pursuant to this section shall upon repayment be immediately transferred by the State Controller to the Transportation Debt Service Fund to reimburse the General Fund for debt service costs pursuant to Government Code Section 16965.



(3) By June 15, 2012, the Director of Finance in consultation with the Treasurer shall notify the Controller regarding the final amount of debt service paid from the General Fund during the 2011-12 fiscal year pursuant to Section 16965 of the Government Code and shall direct the Controller to reverse and adjust any transfers made as debt service reimbursements or loans so that a maximum amount of transfers are made for debt service reimbursements and with any loan amounts limited to the difference between this amount and the total amount appropriated in this subdivision. The total amount of weight fee revenues transferred from the State Highway Account for the 2011-12 fiscal year shall not be greater than the total amount of weight fee revenues deposited into the State Highway Account in that year.

(4) With respect to transfers or portions of transfers that cannot be made in any given month if weight fee revenues are insufficient, the first weight fee revenues available in the following month or months shall be used to complete the transfers for the previous month or months prior to making additional transfers for later months.

(c) (1) Starting with the 2012-13 fiscal year and every year thereafter, all weight fee revenues deposited into the State Highway Account in any month shall be transferred to the Transportation Debt Service Fund and are hereby appropriated for transfer to the General Fund by the Controller first as reimbursement for debt service costs until all of the debt service paid on transportation bonds that the Director of Finance indicates qualify for reimbursement as provided for in Section 16965 of the Government Code have been reimbursed and then as loans to the General Fund to be repaid by the Director of Finance when the Director of Finance determines the funds are needed to reimburse the General Fund for debt service or to redeem or defease any bonds maturing in a subsequent year. By June 15 of each year the Director of Finance in consultation with the Treasurer shall notify the Controller regarding the final amount of debt service paid from the General Fund during that fiscal year pursuant to Section 16965 of the Government Code and shall direct the Controller to reverse or adjust any transfers made as debt service reimbursements so that a maximum amount of transfers are made for debt service reimbursements. The total amount of weight fee revenues transferred from the State Highway Account in any fiscal year shall not be greater than the total amount of weight fee revenues deposited into the State Highway Account in that year.

(2) With respect to transfers or portions of transfers that cannot be made in any given month if weight fee revenues are insufficient, the first weight fee revenues available in the following month or months shall be used to complete the transfers for the previous month or months prior to making additional transfers for later months.